

SENATE BILL 2004
By Herron

AN ACT to amend Chapter 150 of the Private Acts of 1919; and any other acts amendatory thereto, to authorize and empower the Paris Special School District to issue and sell school bonds in an aggregate principal amount of not to exceed three million dollars (\$3,000,000); to provide the form and terms of such bonds; to authorize the refinancing of such bonds; to establish and provide for the payment of the bonds; to provide for the issuance, sale and payment of such bonds and the use and disposition of proceeds therefrom; and to authorize the issuance of notes in anticipation of the issuance and sale of such bonds.

WHEREAS, due to major structural design and physical deterioration of an eighty (80) year old structure, a school building collapsed, creating the need for replacing the building; and

WHEREAS, it is the desire of the Paris Special School District Board of Education to provide adequate facilities and equipment to meet the standards of the Tennessee Educational Improvement Act of 1992 and to offer a quality educational program for the children residing in the district; and

WHEREAS, interest rates at the present time are relatively low compared to the last twenty (20) years; thereby providing for reasonable annual debt payments to meet these needs and requirements; now, therefore,

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. The Paris Special School District, located in Henry County, Tennessee, (the "District"), created by Chapter 150 of the Private Acts of 1919, as amended by Chapters 1, 243 and 799 of the Private Acts of 1921, Chapters 14 and 671 of the Private Acts of 1925,

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Chapter 740 of the Private Acts of 1929, Chapter 171 of the Private Acts of 1935, Chapter 59 of the Private Acts of 1935 (1st E.S.), Chapter 510 of the Private Acts of 1949, Chapter 202 of the Private Acts of 1951, Chapter 26 of the Private Acts of 1957, Chapter 87 of the Private Acts of 1965, Chapter 185 of the Private Acts of 1971, Chapter 10 of the Private Acts of 1973, Chapter 275 of the Private Acts of 1976, Chapter 103 of the Private Acts of 1989, Chapter 136 of the Private Acts of 1991, and all other acts amendatory thereto (the "Act of Incorporation"), is hereby authorized and empowered to issue and sell, by resolution of the board of school trustees of the district, bonds in the aggregate principal amount of not to exceed three million dollars (\$3,000,000) for the purpose of providing funds (i) for the construction, improvement, renovation, expansion, furnishing, fixturing and equipping of school buildings and facilities, and additions thereto, in and for the district, including the purchase of all property, real and personal, or interests therein, necessary in connection with such work; (ii) for the funding of all accounts and funds necessary and proper in connection with the issuance and sale of the bonds as the board of school trustees of the district shall determine; (iii) for the payment of interest on the bonds during the period of construction and for six (6) months thereafter; and (iv) for the payment of all legal, fiscal, administrative, architectural, engineering, accounting and similar professional and other costs incident thereto and to the issuance and sale of the bonds.

SECTION 2. The bonds may be sold in one (1) or more series, may bear such date or dates, shall mature at such time or times, not exceeding twenty-five (25) years from their respective dated dates, may bear interest at a zero (0) rate or at such other rate or rates (which may vary from time to time), may be payable at such time or times, may be in such denominations, may carry such registration and conversion privileges, may be executed in such manner, may be payable in such medium of payment at such place or places, may be subject to such terms of redemption, with or without premium and may provide for the replacement of mutilated, destroyed or lost bonds, all as may be provided by resolution of the district's board of school trustees. The bonds shall be sold as a whole or in part from time to time in such manner as shall be provided by resolution of the district's board of school trustees, but in no event shall

the bonds be sold for less than ninety-eight percent (98%) of par plus accrued interest (or, if all or any part of such bonds is to be sold at a zero (0) rate of interest or at an original issue discount, such bonds may be sold at not less than ninety-eight percent (98%) of the original reoffering price of such bonds, plus accrued interest). The board of school trustees of the district is authorized and empowered to do and perform all acts and enter into all agreements which may be necessary or desirable in connection with the issuance and sale of the bonds and to delegate the power to consummate all such acts and execute and implement all such agreements on its behalf as the board of school trustees shall deem necessary or desirable.

SECTION 3. The bonds shall be issued in fully registered form and shall be signed and sealed as provided in the Tennessee Public Obligations Registration Act and in the resolution adopted by the district's board of school trustees authorizing the bonds.

SECTION 4. For the purpose of paying principal of and interest and redemption premiums on the school bonds herein authorized, there is hereby levied, in addition to any tax currently being levied within the boundaries of the district for the benefit of the district, a continuing annual tax of twenty-five cents (\$0.25) per one hundred dollars (\$100) of assessed value of real and personal property located within the district, effective as of January 1, 1997, for the 1997 tax year and each tax year thereafter so long as the bonds shall be outstanding. The rate hereinabove established may be adjusted from time to time in accordance with the procedure set forth in Tennessee Code Annotated, Section 67-5-1704, relating to county-wide reappraisal. In addition, in the event the total assessed value of all property subject to the tax hereinabove described declines by more than ten percent (10%) from January 1 of any year to January 1 of the next succeeding year or declines by more than fifteen percent (15%) from January 1 of any year to January 1 of the second succeeding year thereafter, at the request of the board of school trustees, the county assessor of property shall certify to the county trustee and the board of school trustees of the district the total assessed value of taxable property within the district and furnish the county trustee and the board of school trustees an estimate of the total assessed value of all new construction and improvements not included on the

assessment roll of the base year and all deletions from the assessment roll of the base year. Upon receipt of such information and certifications, the county trustee shall adjust the tax rate established herein to an adjusted rate which is estimated to provide to the district the same tax revenue as was provided by such tax in the base year, exclusive of such new construction, improvements and deletions, in accordance with policies established by the state board of equalization pursuant to Tennessee Code Annotated, Section 67-5-1701(b), or any successor thereto. Such taxes shall be used exclusively to pay principal of and interest on the bonds authorized herein and any other indebtedness of the district as they come due and to maintain debt service fund balances. The board of school trustees is hereby authorized to pledge such taxes to pay the principal of and interest and any redemption premiums on the bonds and any other indebtedness of the district. The taxes shall be annually extended and collected by the county trustee of Henry County in the manner provided by general law for the extension and collection of county taxes and shall constitute a lien on the property against which they are levied with the like force and effect as do county taxes. The proceeds of such taxes, as and when collected, shall be paid by the county trustee to the district. The proceeds of such taxes, when received by the district, shall be deposited to a debt service fund to be established and maintained by the district. The debt service fund is established for the specific purpose of receiving the taxes authorized herein and any other funds which may from time to time be pledged to the payment of indebtedness of the district. The debt service fund and the funds therein shall be maintained and accounted for until payment in full of all outstanding obligations of the district and shall be used for the purpose of paying principal of and premium, if any, and interest on the bonds and any other indebtedness of the district. In the event property taxes and such other funds as shall be pledged to the payment of the indebtedness of the district are not sufficient to pay principal thereof and interest thereon when due, the district shall apply funds from the operations or other available funds of the district to the payment thereof. So much of the surplus arising from the tax hereinabove described and not required for the payment of debt service on outstanding obligations of the district may be used, at the discretion

of the board of school trustees of the district, for the construction, improvement, renovation, expansion, furnishing, fixturing and equipping of school buildings and facilities, and additions thereto, in and for the district, including the purchase of all property, real and person, or interests therein, necessary in connection with such work.

SECTION 5. The board of school trustees is authorized to pledge to the payment of the bonds all or a portion of (i) any funds received by the district under the Tennessee Basic Education Program available to be used for capital outlay expenditures, as set forth in Tennessee Code Annotated, 49-3-351, et seq., and related sections; (ii) its share of the local option sales and use tax now or hereafter levied and collected in Henry County, Tennessee, pursuant to Tennessee Code Annotated, Section 67-6-712; and (iii) any other funds received from the state of Tennessee, or any of its authorities, agencies or instrumentalities, for school purposes and available to be used for capital outlay expenditures.

SECTION 6. The bonds, and all income therefrom, shall be exempt from all state, county and municipal taxation in the state of Tennessee, except inheritance, transfer and estate taxes and except as otherwise provided by applicable law.

SECTION 7. The district is further authorized, by resolution of the board of school trustees, to borrow money and issue its bonds for the purpose of refunding the bonds authorized herein, at or prior to maturity, in whole or in part, at any time, in accordance with the terms hereof.

SECTION 8. The district is further authorized, by resolution of the board of school trustees, to issue and sell notes of the district in anticipation of the issuance of the bonds authorized herein. The notes may be sold in one (1) or more series, may bear such date or dates, shall mature at such time or times, not exceeding three (3) years from their respective dated dates, may bear interest at such rate or rates (which may vary from time to time), may be payable at such time or times, may be in such denominations, may carry such registration and conversion privileges, may be executed in such manner, may be payable in such medium of payment at such place or places, may be subject to such terms of redemption, with or without

premium, and may provide for the replacement of mutilated, destroyed or lost notes, all as may be provided by resolution of the board of school trustees. The notes shall be sold as a whole or in part from time to time in such manner as shall be provided by resolution of the board of school trustees. The board of school trustees of the district is authorized and empowered to do and perform all acts and enter into all agreements which may be necessary or desirable in connection with the issuance and sale of the notes and delegate the power to consummate all such acts and execute and implement all such agreements on its behalf as the board of school trustees shall deem necessary or desirable.

SECTION 9. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 10. This act shall take effect upon becoming law, the public welfare requiring it.